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CHARTERED

901 - 15TH STREET, N.W.
WASHINGTON, D.C. 20005-2301
(202) 371-6000
FAX: (202) 371-6279

WRITER'S DIRECT DIAL
(202) 371-6130

DEC 15 1997

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FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

December 15, 1997

BY HAND

Ms. Magalie Roman Salas, Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

Re: Comments of Nokia Telecommunications, Inc. in WT Docket 97-207

Dear Ms. Salas:

Enclosed for filing please find the original and five (5) copies of the Comments of Nokia Telecommunications, Inc. in the above-referenced dockets.

Please direct any questions that you may have to the undersigned.

Respectfully submitted,



Leo R. Fitzsimon

Enclosures

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List ABCDE

HOUSTON, TEXAS
1111 BAGBY, SUITE 4700
HOUSTON, TEXAS 77002
(713) 225-7200
FAX: (713) 732-2199

AUSTIN, TEXAS
SAN JACINTO CENTER
98 SAN JACINTO BLVD., SUITE 1440
AUSTIN, TEXAS 78701
(512) 703-6000
FAX: (512) 703-6003

HONOLULU, HAWAII
HAWAII TOWER-AMPAC CENTER
745 FORT STREET, SUITE 600
HONOLULU, HAWAII 96813
(808) 566-0995
FAX: (808) 566-0995

MCLEAN, VIRGINIA
8280 GREENSBORO DRIVE
SUITE 601
MCLEAN, VIRGINIA 22102
(703) 749-6000
FAX: (703) 749-6027

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**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

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DEC 15 1997

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

In the Matter of)
)
Calling Party Pays Service Option) WT Docket No. 97-207
in the Commercial Mobile Radio Services)

COMMENTS OF NOKIA TELECOMMUNICATIONS, INC.

Nokia Telecommunications, Inc. ("Nokia") by its undersigned counsel and pursuant to Section 1.415 of the Rules of the Federal Communications Commission ("FCC" or "Commission"), 47 C.F.R. § 1.415, respectfully submits these Comments in response to the *Notice of Inquiry* ("NOI") in the above-referenced proceeding.

I. INTRODUCTION AND BACKGROUND

Nokia is an international manufacturer of telecommunications equipment specializing in wireless infrastructure and handset equipment. As a major manufacturer of wireless equipment, Nokia has a significant interest in the outcome of this proceeding. Nokia supports the Commission's objective in this proceeding to determine whether the wider availability of the Calling Party Pays ("CPP") service option for Commercial Mobile Radio Service ("CMRS") would enable CMRS providers to more easily compete with wireline services provided by LECs. Nokia believes that while presently there may be technological and regulatory barriers to implementing CPP on a wide scale in this country, CPP is nevertheless an important tool to increase demand for CMRS services and to help realize the promise of wireless services to develop

into a true competitor to wireline telephone services. The development of such competition in the local exchange market is one of the Commission's primary goals for CMRS services.¹

II. DISCUSSION

A. CPP Has Increased Demand for Wireless Services in Other Countries.

In the *NOI*, the Commission notes that outside the United States, CPP seems to be the prevalent billing system for mobile telephony and seeks comment as to whether the prevalence of CPP in other countries promotes more balanced traffic flows between CMRS and wireline networks and increased demand for CMRS services.² As the leading manufacturer of wireless equipment in Europe, where CPP is the prevalent billing system for wireless services, it has been Nokia's experience that CPP increases the demand for and use of wireless services. While the Commission notes that factors other than CPP may contribute to increased demand for wireless services³, Nokia has observed that CPP is definitely a major factor contributing to the higher rates

¹ See *Interconnection Between Local Exchange Carriers and Commercial Mobile Radio Service Providers, Equal Access and Interconnection Obligations Pertaining to Commercial Mobile Radio Service Providers, Notice of Proposed Rulemaking*, 11 FCC Rcd 5020, 5023 (1996).

² *NOI* ¶¶ 6, 10.

³ *NOI* ¶ 11. Nokia agrees that it is difficult to isolate the effect of CPP from other variables which increase the demand for wireless services such as the relative prices for wireless and wireline service, the quality of wireline networks and, to a lesser extent, the greater use of digital phones in other countries. Nokia believes, however, that if implemented, CPP would increase the demand for wireless services in the United States and help CMRS develop into a true competitor with wireline local exchange service.

of wireless penetration and use in Europe and other areas of the world and would likely have a similar impact in the United States.

Mobile subscribers generally ration usage in order not to exceed the amount they can afford or wish to spend on mobile telephony. Wireless subscribers in the current mobile party pays environment often do not distribute their mobile numbers, or they turn off their phones to avoid receiving calls. These practices -- preventing inbound calls -- are contrary to the whole idea of modern wireless communications which focus on anywhere, anytime accessibility. A key benefit of CPP is predictability and control over bills. Mobile users would pay for the choices they make. They would no longer have to pay for calls they may receive and over which they have no control. Whereas in a mobile party pays environment, it has been observed that inbound calls account for under 30% of total call minutes, in a CPP environment inbound call minutes may account for as much as 50% of internetwork traffic. Without cost barriers to receiving incoming calls, mobile users more readily circulate their mobile number (e.g., on business cards), in turn increasing calls within both the fixed and mobile networks. And, in a CPP environment, users can afford to spend more on making outbound calls. Beyond the inherent benefits to current users, decreased costs associated with a CPP environment are equally critical to attracting new subscribers. In short, CPP can increase inbound call minutes, support retention of customers who are sensitive to cost, increase usage by marginal customers, and, overall, contribute to an expanded CMRS market by making wireless communications more affordable to both current and potential customers.

B. While Other Service Options May Increase Demand For Wireless Services, These Options Alone Will not Allow CMRS to Become a True Competitor to Wireline Telephony.

In the *NOI*, the Commission notes that some CMRS providers offer subscribers a service option under which the first minute of incoming calls to their wireless phones is free.⁴ The Commission seeks comment on this option, noting that some parties argue that this alternative addresses the concerns of consumers that would be most interested in CPP.⁵ Nokia believes that while the first minute free option has been a definite benefit to consumers and has no doubt contributed to increased wireless usage in this country, it is not sufficient to realize the potential of CMRS as service which is truly competitive with wireline telephony. While this option may make CMRS subscribers more willing to distribute their telephone numbers, knowing that airtime past the first minute of any incoming call will be charged to them will make it less likely that CMRS subscribers will treat their wireless phones as true functional equivalents to wireline phone systems. In the same manner, while the caller ID option provides wireless subscribers with the ability to reject unwanted calls and reduce the risk of unwanted charges, such an option alone is insufficient to allow CMRS to develop into a real competitor to wireline services.

IV. CONCLUSION

Nokia commends the Commission for its efforts to inquire into the pro-competitive effects CPP may have on the CMRS industry and its ability to become a true competitor to wireline

⁴ *Id.* ¶ 14.

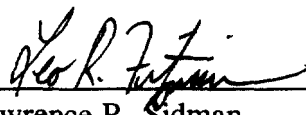
⁵ *Id.*

telephony services. While Nokia recognizes the technological and regulatory challenges presented by implementing CPP in this country, it nonetheless believes that CPP is a key ingredient for CMRS to realize its potential of becoming a viable competitor to incumbent wireline providers. Nokia therefore urges the Commission to initiate any actions to encourage the availability of this procompetitive service option.

Respectfully submitted,

NOKIA TELECOMMUNICATIONS, INC.

John A. Malloy
William B. Plummer
Nokia Telecommunications, Inc.
1850 K Street, N.W.
Suite 1175
Washington, DC 20006
(202) 887-1798

By: 
Lawrence R. Sidman
Leo R. Fitzsimon
VERNER, LIIPFERT, BERNHARD,
MCPHERSON & HAND, CHARTERED
901 15th Street, N.W.
Suite 700
Washington, D.C. 20005
(202) 371-6000

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